

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Premier Pet Products

Virginia's A.L. Philpott Manufacturing Extension Partnership

Kanban System Increases Premier's Order Fulfillment Rate and Reduces Inventory Costs

Client Profile:

Premier Pet Products manufactures and distributes pet products directly to 10,000 independent pet supply retailers, veterinarians and dog trainers, as well as to big-box pet specialty chains. Premier is the sole manufacturer of a leading head collar, The Gentle Leader®, worn by more than one million dogs. From its inception in 1989 with a \$5,000 loan backed by the U.S. Small Business Administration, the company has grown to 114 employees and annual sales nearing \$16 million. Premier is located in Midlothian, Virginia.

Situation:

Premier's Sr. Vice President of Manufacturing, John Connell, completed a tour of a manufacturer of similar products where he saw first-hand the impact of Lean techniques. Premier contacted Virginia's A.L. Philpott Manufacturing Extension Partnership (VPMEP), a NIST MEP network affiliate, to assist in the implementation of a Kanban system designed to work with incoming material and finished goods inventory. Kanban is a visual, customer-driven pull material replenishment system that matches lot sizes with capacity (not economic order quantity theory) while interfacing with planning systems and optimizing point-of-use material storage.

Solution:

VPMEP Project Manager, Tom Zbell, assisted with the creation of Kanban cards that Premier refers to as hangtags. The hangtags are color coded to indicate product width and include such product information as product description, quantity needed, a Face number, a UPC (Universal Product Code) number, and an SKU (Stock Keeping Unit) number. By reading the Face number, the stock clerk knows how many facings (places) are reserved by each SKU and can quickly identify a potentially missing Kanban card, a very important function of this visual system.

Results:

- * Reduced out-of-stocks to zero, allowing order fulfillment to complete more orders on their first attempt.
- * Increased fulfillment rate to 98 percent within 24 hours of the order date; previous rates were 70 to 80 percent.
- * Eliminated overstocking resulting in a reduction of inventory carrying cost.
- * Restored confidence of upper management in company's ability to manage the inventory.
- * Improved response to order increases.
- * Contributed to the cash conservation of operations through inventory control.
- * Improved morale of the production staff when smaller batch sizes reduced lead time.

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* Decreased Work-in-Process (WIP) by 62 percent, providing a savings in WIP carrying costs.

Testimonial:

"The Kanban system of inventory control and production planning has provided a simplistic visual system that has allowed Premier Pet Products to manage its inventory and plan production to meet the demands of a growing company in an even more demanding market. I have worked with several Manufacturing Resource Planning (MRP) systems and none of them have given me the day-in day-out confidence I have in the Kanban system we've implemented with the assistance of VPMEP."

John Connell, Vice President of Manufacturing